

DOCUMENT RESUME

03787 - [B2774001]

[Claim for Reimbursement for Closing Costs by Transferred Employee]. B-188253. September 28, 1977. 3 pp.

Decision re: Ronald I. Perkinson; by Robert F. Keller, Acting Comptroller General.

Issue Area: Personnel Management and Compensation: Compensation (305).

Contact: Office of the General Counsel: Civilian Personnel.

Budget Function: General Government: Central Personnel Management (805).

Organization Concerned: Defense Supply Agency.

Authority: 52 Comp. Gen. 11. B-174527 (1974). B-174645 (1972). B-176200 (1972). B-178374 (1973).

An advance decision was requested as to whether an employee may be reimbursed for certain closing costs paid incident to his transfer. If the expenses listed are normally paid by the purchaser in the area in which the new house is located, they may be paid to the extent that they do not exceed the amount claimed for closing costs and a credit report. The amount claimed may be applied first to reimbursable expenses to insure the maximum benefit to the employee. (SW)

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DECISION



Donny Saulchner
**THE COMPTROLLER GENERAL
OF THE UNITED STATES**
WASHINGTON, D. C. 20548

FILE: B-188253

DATE: September 28, 1977

MATTER OF: Ronald L. Perkinson - Relocation Expenses -
Closing Costs

DIGEST: Transferred employee agreed in contract of sale to pay \$500 toward closing costs when he purchased new home, with remainder of closing costs to be paid by seller. Sum paid by employee should be applied first to reimbursable expenses to insure maximum benefit to employee.

This is in response to a request for an advance decision from the Chief, Accounting and Finance Division, Headquarters, Defense Supply Agency (DSA), asking whether Mr. Ronald L. Perkinson may be reimbursed for certain closing costs paid incident to his transfer. The request was forwarded to this Office through the Department of Defense, Per Diem, Travel, and Transportation Allowance Committee (PDTATAC), and was assigned PDTATAC Control No. 77-1.

Pursuant to Travel Order No. 311-76, Mr. Perkinson, an employee of DSA, was transferred from Richmond, Virginia, to Alexandria, Virginia. Mr. Perkinson contracted to purchase a home in Dale City, Virginia, to be used as his residence at his new duty station. In the contract for the purchase of the home, Mr. Perkinson agreed that at settlement he would pay the prepaid items of insurance, taxes, interest, fees of any attorneys he hired, and \$500 toward the remainder of the settlement expenses. The seller agreed to pay all of the other closing costs.

Mr. Perkinson submitted a claim for \$505, \$500 for closing costs and \$5 for a credit report. The real estate agent that handled the transaction was asked to identify which closing costs were covered by Mr. Perkinson's \$500 payment. He stated that he could not specifically do so, but he did provide the following list of closing costs paid by a purchaser of a comparable house and lot:

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Item #	801	Loan Origination fee	\$352.50
Item #	1103	Title Examination	150.00
Item #	1104	Title Insurance Binder	10.00
Item #	1105	Document Preparation	50.00
Item #	1108	Title Insurance	52.95
Item #	1201	Recording Fees	19.00
Item #	1202	County Tax Stamps	42.80
Item #	1207	State Tax Stamps	128.40
Item #	1301	Survey	25.00
			TOTAL \$830.65

This list of charges and item numbers seem to be taken from the Settlement Statement prepared when Mr. Perkinson purchased his home. All of these charges are listed as being paid from the seller's funds, while Mr. Perkinson, as purchaser, is simply shown to be paying \$500 as "Purchasers share of closing."

In 52 Comp. Gen. 31 (1972), we held that closing costs were reimbursable even if they were included in the purchase price of the house, as long as they were "clearly discernible and separable from the price allocable to the realty." In Matter of Russell G. Montgomery, B-174527, August 23, 1974, we allowed reimbursement where the closing costs had been included in the purchase price, but the only documentation available was an estimate of the closing costs for a property of that price at the time of the sale. In light of these two cases, DSA inquires as to the amount of reimbursement to which Mr. Perkinson is entitled. They ask whether the \$500 should be first applied to nonreimbursable expenses, e.g. the loan origination fee, thus limiting reimbursement to \$147.50, or if it may be applied first to all reimbursable expenses, which would then permit reimbursement in the amount of \$483.15, including the credit report.

We have previously held that where an employee makes a lump-sum payment toward the liquidation of closing costs, that payment should first be applied toward all the reimbursable expenses before it is allocated to the nonreimbursable expenses. B-174645, January 20, 1972; B-176200, July 28, 1972; and B-178374, July 9, 1973. Therefore, the \$500 paid by Mr. Perkinson may be applied first to reimbursable expenses to insure the maximum benefit to him.

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Accordingly, if the expenses listed are normally paid by the purchaser in the area in which Mr. Perkinson's new house is located, they may be paid here, to the extent they do not exceed \$500 plus the \$5 for the credit report.

R. F. Kasten
Acting Comptroller General
of the United States